
The Asian Region in 1999

HIGHLIGHTS

- Several Asian countries registered strong rebounds in 1999. South Korea led the region in economic growth over the year with a 10.7% surge.
- After registering a strong performance during the financial turmoil, China posted its lowest growth rate in a decade in 1999. India's economy also slowed during the year, a consequence of lower agricultural activity.
- Canada's exports to its key Asian partners continued to fall in 1999, albeit at much slower pace. There was a strong rebound in wood related products while exports of cereal and mineral fuel continued to decline strongly. Despite some slowdown, Canadian imports from the Asian region continued their upward trend during the year with imports of furniture products and vehicles registering the strongest growth. Japan was Canada's main trading partner in Asia in both export and import trade.

Produced by International Cooperation Directorate
International Business Branch
Industry Canada
Ottawa, Ontario

For Information : André Patry
235 Queen St., suite 556C
Ottawa, Ontario
K1A 0H5
Tel : 613 941-4159
Email : patry.andre@ic.gc.ca



Industry Industrie
Canada Canada

Canada 

The Asian Region in 1999

An Overview of the Asian Economic Situation

In 1997, a financial crisis plunged most of Asia into a major recession as the financial turbulence trickled to every sector of the economy, affecting as well the world's economic stability. During 1998, the region's economic activity declined considerably while restructuring plans for the financial market were architected by the International Monetary Fund and Asian governments.

Indonesia and Thailand, located at the epicentre of the financial crisis, were hit the hardest as their economy shrunk by 13.2% and 10.2% respectively in 1998. Richer Asian countries were not spared as economic activity in South Korea (-6.7%) and Japan (-2.6%) declined during the year.

On the other hand, India and China fared better during the crisis as they are less integrated to the Asian economy than the others, and thus more self-sufficient. During that period, China's economy grew by 7.8% while India's increased by 6.8%.

Table 1: Main Economic Indicators

	Population (millions)	GDP per Capita (\$US) ¹	GDP Growth (%)		Exports (%)		Imports (%)	
			1998	1999	1998	1999	1998	1999
China	1 246.0	3 600	7.8	6.8	0.6	6.1	-1.5	18.2
Hong Kong	6.8	25 100	-6.6	5.5	-10.9	-9.5	-11.5	-2.5
Taiwan	22.1	16 500	4.6	5.7	-9.4	10.0	-8.5	5.8
Japan	126.2	23 100	-2.6	-5.5	-0.6	-6.1	-10.5	-3.8
South Korea	46.9	12 600	-6.7	10.7	-2.8	8.6	-35.5	28.4
Malaysia	21.4	10 300	-7.5	5.4	29.8	12.08	3.3	9.09
Philippines	79.3	3 500	-0.5	4.6	16.9	18.8	-18.8	4.1
Singapore	3.5	26 300	0.4	5.4	-1.0	5.7	-13.6	10.8
Indonesia	216.1	2 830	-13.2	0.2	-8.6	-0.7	-34.4	-12.5
Thailand	60.6	6 100	-10.2	4.2	-6.6	-	-32.3	-
India	1 000	1 720	6.8	5.9	3.7	-	7.9	-

¹GDP per capita based on the purchasing power parity method (CIA World Factbook, 1999).

- Not yet published

Economic fundamentals improved in 1999 with the majority of Asian countries making tremendous rebounds over the year. Both improved consumer confidence and stronger financial markets, with technology assets leading in year-end, boosted economic growth in most of Asia. Gains were strongest in South Korea with real GDP jumping ahead by 10.7%. Stronger consumer spending and construction activity in the first half of the year, and higher exports and capital investment in the second half contributed to the country's exceptional performance in 1999.

An exception to this recovery trend was Japan where the economy declined by a hefty 5.5% in 1999. Despite a rebound in the first half of the year, lower business investment

and the appreciation of the yen *vis à vis* the American dollar, making Japanese exports more expensive, were responsible for the bleak performance in the second half of the year.

China and India also reported gloomy results for 1999. China's economic activity registered slower activity during the year as it posted the lowest growth rate (+6.8%) in a decade. The Chinese government's aggressive reforms to make China more competitive have resulted in major layoffs and higher unemployment. In light of these cutbacks, consumer spending plummeted, saving increased and prices went down as retailers were struggling to generate revenues. As for India, a slowdown in the agricultural sector restrained the overall growth to 5.9% in 1999. Nonetheless, the Indian manufacturing and construction sectors registered strong performances over the year.

Even though the economic situation remains fragile, the Asian economy is picking up and the economic outlook is encouraging for the year of the Golden Dragon. However, lower economic performance at year-end for Japan, China and India might dampen the overall recovery.

Canada and the Asian Region

Trade Relations in 1999

The Asian Crisis had important repercussions on Western Canada in 1998. Given its economic and cultural links with Asia, British Columbia was particularly affected by the crisis. Economic growth slowed considerably in British Columbia as exports to Asia and investment from the region dropped drastically. Alberta and Saskatchewan were also hit hard as prices for grain plunged during the crisis. The rest of Canada benefited from the strong U.S. market to keep the momentum during the crisis.

Table 2: Canadian Trade with Major Asian Partners

	Export (\$Cdn)			Export (% change)			Import (\$Cdn)			Import (% change)		
	1999	1997	1998	1999	1999	1997	1998	1999	1999	1997	1998	1999
World	330 409 541 632	8.0	6.2	11.1	319 909 560 320	17.4	9.3	7.2				
China	2 482 049 792	-18.0	5.2	0.2	8 914 662 400	28.7	20.7	16.5				
Hong Kong	919 658 240	40.0	-20.3	-30.6	1 303 448 192	10.6	-0.6	3.8				
Indonesia	528 519 072	-14.0	-30.8	-2.5	865 152 640	30.2	12.9	-6.2				
India	388 062 784	39.0	-14.0	-6.4	1 015 846 976	23.1	20.9	13.0				
Japan	8 250 774 528	-0.3	-22.6	-3.5	15 031 282 688	20.3	11.5	7.4				
Korea, South	1 934 010 112	7.6	-39.9	7.8	3 573 868 032	4.0	16.8	7.8				
Malaysia	409 070 752	32.8	-30.9	-13.7	2 056 852 992	26.1	0.3	3.0				
Philippines	286 583 008	45.4	-40.6	15.6	1 043 856 000	31.3	32.0	9.0				
Singapore	339 230 624	-4.0	-26.9	-9.8	1 252 207 616	-1.5	0.4	6.2				
Thailand	291 586 560	-13.3	-32.9	-2.7	1 508 264 704	12.8	8.0	18.5				
Taiwan	1 081 504 896	15.1	-28.5	-4.0	4 583 341 056	21.9	16.0	13.7				

With the exception of China, Canadian exports to the Asian region significantly decreased in 1998, dropping by 14.0% for India to 40.6% for the Philippines. Conversely, healthy

economic performances from Eastern and Atlantic Canada augmented imports from most of these Asian countries in 1998.

In 1999, exports to most Asian countries continued their downward trend but at a much slower pace than in 1998. The most severe decrease was in Hong Kong (-30.6%) and Malaysia (-13.7%) while significant increases were noted in the Philippines (+15.6%) and South Korea (+7.8%). Canadian exports to China slowed considerably in 1999, edging up 0.2%. Lower economic activity in China was responsible for the slowdown. Japan continued to be our main export market in Asia, with exports to the country totalling \$8.3 billion.

Canadian imports from our major Asian partners continued their upward trend in 1999 but lost momentum. Substantial growth was realised in imports from Thailand (+18.5%) while the sole decline in imports were those from Indonesia, which dropped 6.2% during the year. Imports from Japan were the highest at \$15.0 billion.

Table 3: Provincial Trade to Key Asian Partners

	Exports (\$Cdn)	Share in Canadian exports to Asia (%)	Imports (\$Cdn)	Share in Canadian imports from Asia (%)
Newfoundland	225 453 254	1.33	12 074 747	0.03
PEI	11 701 485	0.07	233 737	0.00
Nova Scotia	282 886 523	1.67	180 331 406	0.44
New Brunswick	280 285 853	1.66	92 584 667	0.22
Quebec	1 374 602 972	8.13	6 394 187 768	15.54
Ontario	2 562 244 308	15.15	21 692 026 208	52.72
Manitoba	716 597 958	4.24	393 233 109	0.96
Saskatchewan	1 835 362 763	10.85	78 019 503	0.19
Alberta	2 943 733 908	17.41	889 357 928	2.16
British Columbia	6 677 906 012	39.49	11 416 646 856	27.74
Canada	16 911 050 368		41 148 783 296	

Canada's top exports to Asia are primarily resource-based. Pulpwood and wood & articles of wood led Canadian exports to Asia with over 26% of all exports heading to the region. In 1999, exports of pulpwood to the region increased by 29.6% and wood & wood articles by 19.0%. After registering a 28.5% increase in 1998, the seed category¹ fell during the year, decreasing by 9.7%. Exports of seeds to Asia represents 62.4% of total Canadian exports of seeds. Exports of mineral fuels (-24.0%) and cereals (-22.4%) declined drastically over the year.

Most imports from Asia are manufactured products, such as electronic goods, machinery and apparels. Increasing by 14.6% over the year, electronic products topped our imports in

¹ Category includes oil seed, oleaginous fruits, miscellaneous grain and miscellaneous seeds.

1999 with a value of \$9.5 billion. Imports of furniture (+28.5%) and non-rail vehicles² (+19.5%) showed strong growth during the year while iron & steel was the only category in the top 10 to decline.

Table 4: Canadian Exports to Major Asian Partners

	Domestic Export Value (\$Cdn)	Annual Change (%)		Share in Total Export to Asia (%) 1999	Share in total export of product to World (%) 1999
		1998	1999		
1 Pulp of wood/of other fibrous cellulosic materials; recovered waste	2 316 254 544	-3.2	29.6	13.7	30.6
2 Wood and articles of wood; wood charcoal.	2 194 071 172	-35.5	19.0	13.0	10.4
3 Oil seed, oleaginous fruits; misc. grain, seed, fruit etc.	1 380 588 094	28.5	-9.7	8.2	62.4
4 Mineral fuels, oils & product of their distillation	1 332 220 109	-10.6	-24.0	7.9	4.4
5 Cereals.	827 572 138	-38.8	-22.4	4.9	20.0
6 Machinery, boilers, mechanical appliances, engines	719 984 000	-37.1	6.3	4.3	2.5
7 Electrical machine, equipment parts; sound recorder	711 017 893	-31.8	-13.0	4.2	3.6
8 Fish & seafood	678 496 240	-16.7	4.9	4.0	21.2
9 Fertilisers	663 129 979	-1.2	25.0	3.9	23.2
10 Paper & paperboard	573 142 867	-33.8	-5.7	3.4	3.7
Total Exports to Asian Partners	16 911 050 368	-23.2	-4.1		

² Includes motor vehicles, trailers and other similar vehicles.

Table 5: Canadian Imports from Major Asian Partners

	Imports Value (\$Cdn)	Annual Change (%)		Share in Total Import from Asia (%)	Share in total import of product from World (%)
		1998	1999		
1 Electrical machine, equipment parts; sound recorder	9 459 377 900	8.3	14.6	23.0	22.7
2 Machinery, boilers, mechanical appliances, engines	9 232 058 502	4.7	9.5	22.4	14.8
3 Vehicles other than railw/tramw roll-stock, parts & accessories	5 409 532 488	15.3	19.5	13.1	9.0
4 Toys, games & sports requisites; parts & access thereof	1 765 622 184	24.4	6.6	4.3	55.0
5 Optical, photo, cine, meas, checking, precision	1 435 044 183	11.0	7.6	3.5	12.9
6 Art of apparel & clothing access, not knitted/crocheted	1 378 702 246	13.5	1.8	3.4	57.2
7 Art of apparel & clothing accessories knitted or crocheted.	1 118 005 179	23.9	7.8	2.7	56.4
8 Furniture; bedding, mattress, support, cushion	872 389 398	29.5	28.5	2.1	16.8
9 Articles of iron or steel	816 007 387	28.0	-2.6	2.0	12.6
10 Footwear, gaiters and the like; parts of such articles.	812 341 791	4.0	6.3	2.0	55.8
Total Imports from Asian Partners	41 148 783 296	13.2	9.8		

Note: Canadian and Asian data were taken from the Department of Statistics, Ministry of Finance, Ministry of Foreign Trade and the Central Bank of the respective countries.